

## **WARNING**

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Family Name	
Given Names	
Student Number	
Teaching Period	Semester 1, 2017

FINAL EXAMINATION	DURATION				
<b>ACT501 – Accounting Principles</b>	<table> <tr> <td>Reading Time:</td><td><b>10</b> minutes</td></tr> <tr> <td>Writing Time:</td><td><b>180</b> minutes</td></tr> </table>	Reading Time:	<b>10</b> minutes	Writing Time:	<b>180</b> minutes
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### INSTRUCTIONS TO CANDIDATES

1.1 The examination has **one** sections :

<b>Section A:</b> Suggested Time: 180 mins	<b>Short Answer Questions:</b> Answer ALL 8 questions Marks : 100
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Section A must be answered on the Answer sheet provided and must be handed in with your answer booklet. Please ensure that your name and student number are clearly indicated on your Answer Sheet and at the top of this examination paper.

- 1.2 Note that questions **ARE NOT** of equal value.  
1.3 Read **ALL** questions carefully.

### EXAM CONDITIONS

**You may begin writing from the commencement of the examination session.** The reading time indicated above is provided as a guide only.

This is a RESTRICTED OPEN BOOK examination

Any non-programmable calculator is permitted

No handwritten notes are permitted

Hard copy, unannotated English translation dictionary only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
No additional printed material is permitted	1 x 16 Page Book 1 x Scrap Paper

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DOUBLE-SIDED.**

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BLANK.**

## Section A

### Short Answer Questions

**Total No of Marks for this section: 100**

This section should be answered in the Answer Booklet provided.

Marks for each question are indicated.

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**Q 1 (Max Marks: 16)**

Terry Smith operates a cafe. He just received the 30 June bank statement from Westpac Bank, and the statement shows an ending balance of \$9,529. Listed on the statement is an EFT collection of bill receivable of \$660 (inclusive of \$60 interest), a service charge of \$13, dishonoured cheques totalling \$103 and a \$20 charge for stop cheque instruction given to the bank. In reviewing his cash records, Terry identifies outstanding cheques totalling \$579 & a deposit in transit of \$2003. During June, he recorded a \$280 cheque by debiting rent expense & crediting cash at bank for \$820. Terry's cash at bank account shows a 30 June balance of \$9,889.

**Required:**

- i) Prepare the bank reconciliation for Terry Smith for 30 June. (Marks: 10)
- ii) Record the journal entries that bring the book balance of cash at bank into agreement with the adjusted book balance on the reconciliation. Include an explanation for each entry. (Marks: 6)

**Q 2 (Max Marks: 10)**

XYZ Ltd is issuing shares payable by instalments. It completed the following transactions:

Sept 10	Received an application for 20,000 ordinary shares with a total issue price of \$10 per share. The applicants were required to pay one-quarter of the total issue price.
Sept 27	Allotted the 20,000 shares & collected a further half of the total issue price.
Oct 15	Made a final call on the shares.

The final call was not paid by a shareholder who was allotted 285 shares. The shares were forfeited.

**Required:**

Journalise the above transactions, including the forfeiture of 305 shares. Explanations are not required. (Marks: 10)

**Q 3 (Max Marks: 12)**

Corplex Ltd recently traded in office furniture as follows:

Old Furniture:

Cost, \$89,000

Accumulated depreciation, \$76,000

New furniture:

List price, \$110,000. Cash paid, \$110,000 & the supplier took the old furniture.

**Required:**

- i) Record Corplex Ltd.'s exchange of old furniture for new. (Marks: 5)
- ii) Now suppose the list price of the new furniture was \$120,000 & Corplex paid \$105,000 & the supplier took the old furniture. Now record the transaction. (Marks: 7)

(Explanations are not required. Show your calculations clearly)

**Q 4 (Max Marks: 12)**

Consider the following transactions that occurred in August for Winnex Ltd.

Aug 2	Purchased \$4,000 of inventory from A&B, terms 1/10, net 20.
Aug 6	Sold \$3,800 to Binn Inc., terms 2/10 net 30 (cost \$2,240)
Aug 7	Binn Inc. returned goods worth \$340 (cost \$204)
Aug 12	Paid A&B
Aug 16	Received payment from Binn Inc.

**Required:**

- i) What type of inventory system is Winnex using – periodic or perpetual? (Marks:1)
- ii) Journalise August transactions for Winnex Ltd. No explanations are required. Winnex is registered for GST & all amounts are exclusive of GST.

(Marks: 11)

**Q 5 (Max Marks: 12)**

Jill, Jack and Jane are partners. During the current year their average capital balances were as follows:

Jill	\$60,000
Jack	\$40,000
Jane	\$20,000

The partnership agreement provides that partners shall receive an annual allowance of 5% of their average capital balance plus a salary allowance as follows:

Jill	Nil
Jack	\$12,000
Jane	\$11,000

Partner Jack, who manages the business, is to receive a bonus of 20% of the profits in excess of \$15,000 after partners' interest & salary allowances. Residual profits are to be divided:

Jill	1/2
Jack	1/3
Jane	1/6

**Required:**

Prepare a schedule showing how profits will be divided among the three partners if the profit for the year is \$68,000. Show your calculations clearly.

(Marks: 12)

**Q 6 (Max Marks: 17)**

Comparative balance sheet for 2015 & 2016 & a summarised profit & loss statement for 2016 for Briton Ltd. are presented below.

Some items of plant were purchased during the year, but none was sold. A cash dividend was paid during November 2016. Assume no income tax.

<b>Briton Ltd</b>		
<b>Comparative Balance Sheet and Profit and Loss Statement</b>		
	<b><u>2016</u></b>	<b><u>2015</u></b>
Cash at Bank	19,350	27,900
Accounts Receivable	38,025	34,200
Inventory	51,075	55,800
Plant	130,500	90,000
Accumulated depreciation – Plant	(45,000)	(38,250)
	<b><u>193,950</u></b>	<b><u>169,650</u></b>
	<b><u>2016</u></b>	<b><u>2015</u></b>
Accounts payable	30,150	27,225
Accrued Expenses	6,525	8,775
Non-Current liability	11,250	-
Share Capital	22,500	22,500
Retained profits	123,525	111,150
	<b><u>193,950</u></b>	<b><u>169,650</u></b>

Sales Revenue	\$199,575
Less: Cost of goods sold	\$127,350
Gross Profit	72,225
Operating Expenses (including depreciation)	55,350
Operating profit	<b><u>16,875</u></b>

**Required:**

- i) Prepare a statement of cash flows using indirect method in accordance with AASB 107  
(Marks: 12)
- ii) Comment on the cashflow position of Briton Ltd.  
(Marks: 5)

**Q 7 (Max Marks: 10)**

Manex Ltd. issued \$700,000, 6% ten year debentures at a price of 110 on 1 July 2016

**Required:**

Journalise the following transactions for Manex Ltd. Include an explanation for each entry.

- i) Issue of the debentures on 1 July 2016 (Marks: 2)
- ii) Accrual of interest expense & amortisation of debenture premium on 31 December 2016. Manex uses the straight line method to amortise the premium. (Marks: 4)
- iii) Payment of half yearly interest on 1 January 2017. (Marks: 1)
- iv) Report Debenture payable, interest payable & debenture premium as they would appear on Manex Ltd.'s balance sheet on 31 December 2016. (Marks: 3)

**Q 8 (Max Marks: 11)**

The records of Copytime Ltd show the following figures:

- a) Ordinary time earnings ??
- b) Overtime Pay \$5,000
- c) Total Employee earnings ??
- d) Medical Insurance \$1,000
- e) Total deductions \$18,000
- f) Net pay \$64,000
- g) PAYG \$15,000
- h) Charitable Contribution ??
- i) Showtime's total employment expense ??

Note: Copytime pays 9% superannuation & 4% payroll tax on wages & salaries.

**Required:**

- i) Determine the missing amounts. Show calculations clearly. (Marks:7)
- ii) Journalise Copytime's payroll for the month. No explanation is required. (Marks: 4)